

ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

MCARE INC.

NAIC Group Code	3414	,	0000	NAIC Company Code	95449	Employer's ID Number	38-2649504
	(Current Period)		(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America						
Licensed as business type:	Life, Accident & Health[]		Property/Casualty[]		Hospital, Medical & Dental Service or Indemnity[]		
	Dental Service Corporation[]		Vision Service Corporation[]		Health Maintenance Organization[X]		
	Other[]		Is HMO Federally Qualified? Yes[X] No[]				
Date Incorporated or Organized	01/01/1986			Date Commenced Business	10/01/1986		
Statutory Home Office	2301 Commonwealth Blvd.			,	Ann Arbor, MI 48105		
	(Street and Number)				(City, or Town, State and Zip Code)		
Main Administrative Office				2301 Commonwealth Blvd.			
				(Street and Number)			
	Ann Arbor, MI 48105				(734)747-8700		
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)		
Mail Address	2301 Commonwealth Blvd.			,	Ann Arbor, MI 48105		
	(Street and Number or P.O. Box)				(City, or Town, State and Zip Code)		
Primary Location of Books and Records				2301 Commonwealth			
				(Street and Number)			
	Ann Arbor, MI 48105				(734)747-8700		
	(City, or Town, State and Zip Code)				(Area Code) (Telephone Number)		
Internet Website Address	www.mcare.net						
Statement Contact	Michele L. Laupmanis				(734)332-2623		
	(Name)				(Area Code)(Telephone Number)(Extension)		
	mlaupman@mcare.med.umich.edu				(734)332-2177		
	(E-Mail Address)				(Fax Number)		
Policyowner Relations Contact				2301 Commonwealth Blvd.			
				(Street and Number)			
	Ann Arbor, MI 48105				(734)913-2211		
	(City, or Town, State and Zip Code)				(Area Code) (Telephone Number)(Extension)		

OFFICERS

President	Zelda Geyer-Sylvia
Secretary	Larry Warren
Treasurer	Douglas L. Strong
Chief Financial Officer	Gregory A. Hawkins
Chairman	Lazar J. Greenfield M.D.
	#

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Colleen Cuneo #	Douglas L. Strong
Sally Joy #	Jean M. Malouin M.D. #
Allen S. Lichter M.D.	Timothy P. Slottow #
Zelda Geyer-Sylvia	Larry Warren
Miriam M. Weininger	Darrell A. Campbell, Jr. M.D.

State ofMichigan

County ofWashtenawss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Zelda Geyer-Sylvia	Gregory A. Hawkins	Douglas L. Strong
(Printed Name)	(Printed Name)	(Printed Name)
President	Chief Financial Officer	Treasurer

	a. Is this an original filing?	Yes[X] No[]
	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

Subscribed and sworn to before me this

day of, 2003

(Notary Public Signature)

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals .....	.....	.....	.....	.....	.....	.....
Group Subscribers:						
.....
0299997 Subtotal - Group Subscribers: .....	.....	.....	.....	.....	.....	.....
0299998 Premium due and unpaid not individually listed	1,768,376	38,415	5,021	41,253	41,253	1,811,812
0299999 Total group	1,768,376	38,415	5,021	41,253	41,253	1,811,812
0399999 Premiums due and unpaid from Medicare entities .....	.....	.....	.....	.....	.....	.....
0499999 Premiums due and unpaid from Medicaid entities .....	.....	.....	.....	.....	.....	.....
0599999 Accident and health premiums due and unpaid (Page 2, Line 10) ..	1,768,376	38,415	5,021	41,253	41,253	1,811,812

EXHIBIT 4 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
	NONE					
0599999 Health care receivables .....	.....	.....	.....	.....	.....	.....

EXHIBIT 5 - CLAIMS PAYABLE (Reported and Unreported)
Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	7,314,777	2,794,494	1,059,939	800,582	363,274	12,333,066
0499999 Subtotals	7,314,777	2,794,494	1,059,939	800,582	363,274	12,333,066
0599999 Unreported claims and other claim reserves						48,990,217
0699999 Total Amounts Withheld						
0799999 Total Claims Payable						61,323,283
0899999 Accrued Medical Incentive Pool						18,995,264

21 Exhibit 6 - Ammounts Due From Parent - NONE

22 Exhibit 7 - Amounts Due to Parent - NONE

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

		1	2	3	4	5	6
Payment Method		Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:							
1.	Medical groups						
2.	Intermediaries						
3.	All other providers	188,331,727	41.721	99,553	100.000	188,331,727	
4.	Total capitation payments	188,331,727	41.721	99,553	100.000	188,331,727	
Other Payments:							
5.	Fee-for-service	16,424,789	3.639	X X X	X X X		16,424,789
6.	Contractual fee payments	246,645,940	54.640	X X X	X X X	246,645,940	
7.	Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8.	Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9.	Non-contingent salaries			X X X	X X X		
10.	Aggregate cost arrangements			X X X	X X X		
11.	All other payments			X X X	X X X		
12.	Total other payments	263,070,729	58.279	X X X	X X X	246,645,940	16,424,789
13.	Total (Line 4 plus Line 12)	451,402,456	100.000	X X X	X X X	434,977,667	16,424,789

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
		NONE			
9999999			X X X	X X X	X X X

EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment	2,913,339	.....	2,560,735	352,604	.....	352,604
2.	Medical furniture, equipment and fixtures .....	.....	.....	.....	.....	.....	.....
3.	Pharmaceuticals and surgical supplies .....	.....	.....	.....	.....	.....	.....
4.	Durable medical equipment .....	.....	.....	.....	.....	.....	.....
5.	Other property and equipment .....	.....	.....	.....	.....	.....	.....
6.	Total	2,913,339	.....	2,560,735	352,604	.....	352,604



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION: 2. DIVISION:
NAIC Group Code 3414 BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR NAIC Company Code 95449

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	197,721	368	164,931					19,464	12,958	
2. First Quarter	202,643	338	176,807					12,145	13,353	
3. Second Quarter	203,534	309	177,847					11,548	13,830	
4. Third Quarter	202,945	367	177,566					10,413	14,599	
5. Current Year	205,170	337	180,330					10,006	14,497	
6. Current Year Member Months	2,426,305	4,044	2,120,285					134,543	167,433	
Total Member Ambulatory Encounters for Year:										
7. Physician	795,011		648,568					86,450	59,993	
8. Non-Physician	252,900		211,673					30,859	10,368	
9. Total	1,047,911		860,241					117,309	70,361	
10. Hospital Patient Days Incurred	81,498		38,729					37,373	5,396	
11. Number of Inpatient Admissions	16,783		10,888					4,680	1,215	
12. Premiums Collected	510,080,326		383,581,185				17,583,492	85,290,724	23,624,925	
13. Premiums Earned	488,681,852		362,182,711				17,583,492	85,290,724	23,624,925	
14. Amount Paid for Provision of Health Care Services	452,229,763		333,899,287				8,620,479	88,422,355	21,287,642	
15. Amount of Incurred for Provision of Health Care Services	451,402,456		337,834,631				8,071,721	84,222,230	21,273,874	

34 Grand Total



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION: 2. DIVISION:
BUSINESS IN THE STATE OF **MICHIGAN** DURING THE YEAR
NAIC Group Code 3414 NAIC Company Code 95449

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	197,721	368	164,931					19,464	12,958	
2. First Quarter	202,643	338	176,807					12,145	13,353	
3. Second Quarter	203,534	309	177,847					11,548	13,830	
4. Third Quarter	202,945	367	177,566					10,413	14,599	
5. Current Year	205,170	337	180,330					10,006	14,497	
6. Current Year Member Months	2,426,305	4,044	2,120,285					134,543	167,433	
Total Member Ambulatory Encounters for Year:										
7. Physician	795,011		648,568					86,450	59,993	
8. Non-Physician	252,900		211,673					30,859	10,368	
9. Total	1,047,911		860,241					117,309	70,361	
10. Hospital Patient Days Incurred	81,498		38,729					37,373	5,396	
11. Number of Inpatient Admissions	16,783		10,888					4,680	1,215	
12. Premiums Collected	510,080,326		383,581,185				17,583,492	85,290,724	23,624,925	
13. Premiums Earned	488,681,852		362,182,711				17,583,492	85,290,724	23,624,925	
14. Amount Paid for Provision of Health Care Services	452,229,763		333,899,287				8,620,479	88,422,355	21,287,642	
15. Amount of Incurred for Provision of Health Care Services	451,402,456		337,834,631				8,071,721	84,222,230	21,273,874	

34 Michigan

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 10	
2.2	Totals, Part 3, Column 7	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 13	
4.2	Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment	
6.1	Totals, Part 1, Column 11	
6.2	Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 12	
8.	Book/adjusted carrying value at the end of current period	
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, current period)	

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount and mortgage interest points and commitment fees	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period	

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions	1,050,000
2.2	Additional investment made after acquisitions	1,050,000
3.	Accrual of discount	
4.	Increase (decrease) by adjustment	(1,681)
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book/adjusted carrying value of long-term invested assets at end of current period	1,048,319
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	1,048,319
12.	Total nonadmitted amounts	
13.	Statement value of long-term invested assets at end of current period	1,048,319

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. GOVERNMENTS, SCHEDULES D & DA (Group 1)											
1.1	Class 1	62,649,930	542,534				63,192,464	58.84	42,464,229	57.95	63,192,464	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS	62,649,930	542,534				63,192,464	58.84	42,464,229	57.95	63,192,464	
2.	ALL OTHER GOVERNMENTS, SCHEDULES D & DA (Group 2)											
2.1	Class 1	702,471					702,471	0.65			702,471	
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS	702,471					702,471	0.65			702,471	
3.	STATES, TERRITORIES AND POSSESSIONS ETC., GUARANTEED, SCHEDULES D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	POLITICAL SUBDIVISIONS OF STATES, TERRITORIES & POSSESSIONS, GUARANTEED, SCHEDULES D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2											
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS											
5.	SPECIAL REVENUE & SPECIAL ASSESSMENT OBLIGATIONS ETC., NON-GUARANTEED, SCHEDULES D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. PUBLIC UTILITIES (UNAFFILIATED), SCHEDULES D & DA (Group 6)											
6.1 Class 1	800,744					800,744	0.75	1,337,310	1.82	800,744	
6.2 Class 2	320,611					320,611	0.30			320,611	
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 TOTALS	1,121,355					1,121,355	1.04	1,337,310	1.82	1,121,355	
7. INDUSTRIAL & MISCELLANEOUS (UNAFFILIATED), SCHEDULES D & DA (Group 7)											
7.1 Class 1	18,242,695	19,096,959		3,203,586		40,543,240	37.75	27,129,290	37.02	40,543,240	
7.2 Class 2	1,840,254					1,840,254	1.71	2,350,560	3.21	1,840,254	
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS	20,082,949	19,096,959		3,203,586		42,383,494	39.46	29,479,850	40.23	42,383,494	
8. CREDIT TENANT LOANS, SCHEDULES D & DA (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 TOTALS											
9. PARENT, SUBSIDIARIES AND AFFILIATES, SCHEDULES D & DA (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating Per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 10.7	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. TOTAL BONDS CURRENT YEAR											
10.1 Class 1	82,395,840	19,639,493		3,203,586		105,238,919	97.99	X X X	X X X	105,238,919	
10.2 Class 2	2,160,865					2,160,865	2.01	X X X	X X X	2,160,865	
10.3 Class 3								X X X	X X X		
10.4 Class 4								X X X	X X X		
10.5 Class 5						(c)		X X X	X X X		
10.6 Class 6						(c)		X X X	X X X		
10.7 TOTALS	84,556,705	19,639,493		3,203,586		(b). 107,399,784	100.00	X X X	X X X	107,399,784	
10.8 Line 10.7 as a % of Column 6	78.73	18.29		2.98		100.00	X X X	X X X	X X X	100.00	
11. TOTAL BONDS PRIOR YEAR											
11.1 Class 1	64,523,260	4,158,683		2,248,886		X X X	X X X	70,930,829	96.79	70,930,829	
11.2 Class 2	2,350,560					X X X	X X X	2,350,560	3.21	2,350,560	
11.3 Class 3						X X X	X X X				
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6						X X X	X X X	(c)			
11.7 TOTALS	66,873,820	4,158,683		2,248,886		X X X	X X X	(b).. 73,281,389	100.00	73,281,389	
11.8 Line 11.7 as a % of Col. 8	91.26	5.67		3.07		X X X	X X X	100.00	X X X	100.00	
12. TOTAL PUBLICLY TRADED BONDS											
12.1 Class 1	82,395,840	19,639,493		3,203,586		105,238,919	97.99	70,930,829	96.79	105,238,919	X X X
12.2 Class 2	2,160,865					2,160,865	2.01	2,350,560	3.21	2,160,865	X X X
12.3 Class 3											X X X
12.4 Class 4											X X X
12.5 Class 5											X X X
12.6 Class 6											X X X
12.7 TOTALS	84,556,705	19,639,493		3,203,586		107,399,784	100.00	73,281,389	100.00	107,399,784	X X X
12.8 Line 12.7 as a % of Col. 6	78.73	18.29		2.98		100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10 ..	78.73	18.29		2.98		100.00	X X X	X X X	X X X	100.00	X X X
13. TOTAL PRIVATELY PLACED BONDS											
13.1 Class 1										X X X	
13.2 Class 2										X X X	
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10 ..							X X X	X X X	X X X	X X X	

(a) Includes \$. freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b)Includes \$. current year, \$. prior year of bonds with Z designations and \$. current year, \$. prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$. current year, \$. prior year of bonds with 5* designations and \$. current year, \$. prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. GOVERNMENTS, SCHEDULES D & DA (Group 1)											
1.1	Issuer Obligations	13,516,895	542,533				14,059,428	13.09	3,937,927	5.37	14,059,428	
1.2	Single Class Mortgage-Backed/Asset-Backed Bonds	49,133,035					49,133,035	45.75	38,526,302	52.57	49,133,035	
1.7	TOTALS	62,649,930	542,533				63,192,463	58.84	42,464,229	57.95	63,192,463	
2.	ALL OTHER GOVERNMENTS, SCHEDULES D & DA (Group 2)											
2.1	Issuer Obligations	702,471					702,471	0.65			702,471	
2.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3	Defined											
2.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5	Defined											
2.6	Other											
2.7	TOTALS	702,471					702,471	0.65			702,471	
3.	STATES, TERRITORIES AND POSSESSIONS, GUARANTEED, SCHEDULES D & DA (Group 3)											
3.1	Issuer Obligations											
3.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3	Defined											
3.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5	Defined											
3.6	Other											
3.7	TOTALS											
4.	POLITICAL SUBDIVISIONS OF STATES, TERRITORIES & POSSESSIONS, GUARANTEED, SCHEDULES D & DA (Group 4)											
4.1	Issuer Obligations											
4.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3	Defined											
4.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5	Defined											
4.6	Other											
4.7	TOTALS											
5.	SPECIAL REVENUE & SPECIAL ASSESSMENT OBLIGATIONS ETC., NON-GUAR., SCH. D & DA (Group 5)											
5.1	Issuer Obligations											
5.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3	Defined											
5.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5	Defined											
5.6	Other											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. PUBLIC UTILITIES (UNAFFILIATED), SCHEDULES D & DA (Group 6)											
6.1 Issuer Obligations	1,121,355					1,121,355	1.04	1,337,310	1.82	1,121,355	
6.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 TOTALS	1,121,355					1,121,355	1.04	1,337,310	1.82	1,121,355	
7. INDUSTRIAL & MISCELLANEOUS (UNAFFILIATED), SCHEDULES D & DA (Group 7)											
7.1 Issuer Obligations	20,082,949	19,096,959		3,203,586		42,383,494	39.46	29,479,850	40.23	42,383,494	
7.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 TOTALS	20,082,949	19,096,959		3,203,586		42,383,494	39.46	29,479,850	40.23	42,383,494	
8. CREDIT TENANT LOANS, SCHEDULES D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. PARENT, SUBSIDIARIES AND AFFILIATES, SCHEDULES D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10.	TOTAL BONDS CURRENT YEAR											
10.1	Issuer Obligations	35,423,670	19,639,492		3,203,586		58,266,748	54.25	X X X	X X X	58,266,748	
10.2	Single Class Mortgage-Backed/Asset-Backed Bonds	49,133,035					49,133,035	45.75	X X X	X X X	49,133,035	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:												
10.3	Defined								X X X	X X X		
10.4	Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:												
10.5	Defined								X X X	X X X		
10.6	Other								X X X	X X X		
10.7	TOTALS	84,556,705	19,639,492		3,203,586		107,399,783	100.00	X X X	X X X	107,399,783	
10.8	Line 10.7 as a % of Column 6	78.73	18.29		2.98		100.00	X X X	X X X	X X X	100.00	
11.	TOTAL BONDS PRIOR YEAR											
11.1	Issuer Obligations	28,347,518	4,158,683		2,248,886		X X X	X X X	34,755,087	47.43	34,755,087	
11.2	Single Class Mortgage-Backed/Asset-Backed Bonds	38,526,302					X X X	X X X	38,526,302	52.57	38,526,302	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:												
11.3	Defined						X X X	X X X				
11.4	Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:												
11.5	Defined						X X X	X X X				
11.6	Other						X X X	X X X				
11.7	TOTALS	66,873,820	4,158,683		2,248,886		X X X	X X X	73,281,389	100.00	73,281,389	
11.8	Line 11.7 as a % of Column 8	91.26	5.67		3.07		X X X	X X X	100.00	X X X	100.00	
12.	TOTAL PUBLICLY TRADED BONDS											
12.1	Issuer Obligations	35,423,669	19,639,493		3,203,586		58,266,748	54.25	34,755,087	47.43	58,266,748	X X X
12.2	Single Class Mortgage-Backed/Asset-Backed Bonds	49,133,035					49,133,035	45.75	38,526,302	52.57	49,133,035	X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:												
12.3	Defined											X X X
12.4	Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:												
12.5	Defined											X X X
12.6	Other											X X X
12.7	TOTALS	84,556,704	19,639,493		3,203,586		107,399,783	100.00	73,281,389	100.00	107,399,783	X X X
12.8	Line 12.7 as a % of Column 6	78.73	18.29		2.98		100.00	X X X	X X X	X X X	100.00	X X X
12.9	Line 12.7 as a % of Line 10.7, Column 6, Section 10	78.73	18.29		2.98		100.00	X X X	X X X	X X X	100.00	X X X
13.	TOTAL PRIVATELY PLACED BONDS											
13.1	Issuer Obligations										X X X	
13.2	Single Class Mortgage-Backed/Asset-Backed Bonds										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:												
13.3	Defined										X X X	
13.4	Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:												
13.5	Defined										X X X	
13.6	Other										X X X	
13.7	TOTALS										X X X	
13.8	Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9	Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

SCHEDULE DA - PART 2
Verification of SHORT-TERM INVESTMENTS Between Years

		1	2	3	4	5
		Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1.	Book/adjusted carrying value, prior year	66,362,275	66,362,275	.....	.....	.....
2.	Cost of short-term investments acquired	427,948,402	427,948,402	.....	.....	.....
3.	Increase (decrease) by adjustment	(7,931,183)	(7,931,183)	.....	.....	.....
4.	Increase (decrease) by foreign exchange adjustment .....	.....	.....	.....	.....	.....
5.	Total profit (loss) on disposal of short-term investments .....	.....	.....	.....	.....	.....
6.	Consideration received on disposal of short-term investments	402,353,489	402,353,489	.....	.....	.....
7.	Book/adjusted carrying value, current year	84,026,005	84,026,005	.....	.....	.....
8.	Total valuation allowance .....	.....	.....	.....	.....	.....
9.	Subtotal (Lines 7 plus 8)	84,026,005	84,026,005	.....	.....	.....
10.	Total nonadmitted amounts	516,213	516,213	.....	.....	.....
11.	Statement value (Lines 9 minus 10)	83,509,792	83,509,792	.....	.....	.....
12.	Income collected during year	2,872,828	2,872,828	.....	.....	.....
13.	Income earned during year	2,422,549	2,422,549	.....	.....	.....

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

44	Schedule DB Part A Verification -	NONE
44	Schedule DB Part B Verification -	NONE
45	Schedule DB Part C Verification -	NONE
45	Schedule DB Part D Verification -	NONE
45	Schedule DB Part E Verification -	NONE
46	Schedule DB Part F Sn 1 - Sum Replicated Assets -	NONE
47	Schedule DB Part F Sn 2 - Recon Replicated Assets -	NONE
48	Schedule S - Part 1 - Section 2 -	NONE
49	Schedule S - Part 2 -	NONE
50	Schedule S - Part 3 - Section 2 -	NONE
51	Schedule S - Part 4 -	NONE
52	Schedule S - Part 5 -	NONE

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 9)	131,995,346		131,995,346
2. Amounts recoverable from reinsurers (Line 12)			
3. Accident and health premiums due and unpaid (Line 10)	1,811,812		1,811,812
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	2,439,307		2,439,307
6. Total assets (Line 23)	136,246,465		136,246,465
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	61,323,283		61,323,283
8. Accrued medical incentive pool and bonus payments (Line 2)	18,995,264		18,995,264
9. Premiums received in advance (Line 6)	10,145,878		10,145,878
10. Reinsurance in unauthorized companies (Line 14)			
11. All other liabilities (Balance)	4,235,947		4,235,947
12. Total liabilities (Line 18)	94,700,372		94,700,372
13. Total capital and surplus (Line 26)	41,546,093	X X X	41,546,093
14. Total liabilities, capital and surplus (Line 27)	136,246,465		136,246,465
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

SCHEDULE Y (continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 95449 ..	.. 38-2649504 ..	M Care Inc .....	.....	.... (1,050,000)	.....	.....	..... (693,686)	.....	.....	.....	.... (1,743,686)	.....
.....	.. 38-6006309 ..	University of Michigan .....	.....	.....	.....	.....	..... 693,686	.....	.....	.....	.... 693,686	.....
.. 11557 ..	.. 38-0026448 ..	M-CAID .....	.....	.... 1,050,000	.....	.....	.....	.....	.....	.....	.... 1,050,000	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES

INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
MARCH FILING	
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
3. Will an actuarial certification be filed by March 1?	Yes
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?	Yes
5. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes
6. Will the SVO Compliance Certification be filed by March 1?	No
APRIL FILING	
7. Will Management's Discussion and Analysis be filed by April 1?	Yes
8. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
9. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
10. Will an audited financial report be filed by June 1 with the state of domicile?	Yes

Explanations:

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



SVO Compliance Certification



LTC Experience Reporting Form C



OVERFLOW PAGE FOR WRITE-INS

**INDEX TO HEALTH
ANNUAL STATEMENT**